

Liquid Petroleum gas used in heating animal confinement buildings does not qualify for the Farm Machinery and Equipment Exemption. See 86 Ill. Adm. Code 130.305. (This is a GIL.)

June 2, 2008

Dear Xxxxx:

This letter is in response to your letter dated December 8, 2007, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at www.tax.illinois.gov to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

I am requesting a letter of ruling on the exemption of sales tax on LP used to heat the growout barns for feeding turkeys. We have a turkey farm and have not had to pay sales tax on items used in the operations of the farm except LP. I have asked suppliers about this in the past with no success. I recently contacted the IL Dept. of Revenue directly and am following their suggestion of contacting you for a ruling. In a prior Letter of Ruling # ST86-0054 the LP tank itself is exempt from sales tax when used for the heating of brooder houses etc. I can find references to other supplies used in 'production agriculture' being exempt. But I cannot find a specific reference to LP. Will you please rule specifically on this matter.

DEPARTMENT'S RESPONSE:

Consumable supplies such as fuel, grease, oil and anti-freeze do not qualify for the Farm Machinery and Equipment Exemption. Accordingly, the use of LP gas used to heat animal confinement buildings is not exempt from the Retailers' Occupation Tax or Use Tax. See the Department's regulation regarding Farm Machinery and Equipment, 86 Ill. Adm. Code 130.305, which can be found on our website listed below.

I hope this information is helpful. If you require additional information, please visit our website at www.tax.illinois.gov or contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

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Associate Counsel

DMB:msk